

India Rewind is a monthly update from DSP’s Investment Desk.
It separates the alpha from the noise and aims to deliver key insights to readers, packed within a 2-minute reading time.

India’s Expanding Role in the Global Capability Centre Landscape: India’s position as a key destination for Global Capability Centres (GCCs) continues to strengthen. With over 1,800 centres currently operating and contributing more than ~\$64 billion in revenue in FY24, India now accounts for nearly half of the world’s GCCs. What began as a cost-efficient outsourcing model has evolved into a sophisticated network of global centres delivering work across advanced domains such as AI, analytics, product development, cybersecurity, and business operations.

The growth has been led by cities such as Bengaluru, Hyderabad, Pune, Chennai, Delhi - NCR, and Mumbai—each developing specialisations aligned with their talent ecosystems and policy support. Bengaluru remains the largest hub, while Hyderabad and Pune have seen rapid expansion in newer sectors like semiconductors and embedded systems.

A key development in the FY25 Union Budget is the proposal for a National Framework to promote GCCs in Tier II cities. This initiative aims to improve regional distribution of high-skill employment and infrastructure development. The framework outlines 16 measures, including reforms to building regulations, talent development initiatives, and mechanisms to enhance collaboration between industry and academia. State-level policies are also contributing to the momentum. Karnataka’s GCC-focused initiatives, Telangana’s AI infrastructure, Tamil Nadu’s electronics push, and Maharashtra’s digital economy strategy are creating conducive environments for sustained GCC expansion.

The broader economic implications are notable. GCCs are expected to add ~0.45 million jobs in FY26, with projections of over 3.3 million professionals employed by 2030. This expansion supports formal job creation, urban consumption, demand for commercial real estate, and steady flows into sectors such as IT services, financials, and industrials. As global enterprises look to de-risk and diversify their operations, India is no longer just a node in the network—it is becoming the operating system. For investors tracking structural drivers of long-term growth, India’s GCC story signals more than sectoral strength; it represents the gradual but powerful reshaping of the country’s role in the global economy.

India’s growth outlook for FY26 has been revised slightly lower to 6.5% by the RBI, reflecting rising global trade and tariff-related uncertainty. While external demand may remain soft, domestic growth drivers—consumption and investment—continue to hold firm. The forecast of an above-normal monsoon supports the farm sector outlook and could help contain food inflation. The RBI cut rates by 25bps for the second consecutive time and shifted to an accommodative stance, signalling readiness to support domestic demand. Liquidity conditions remain favourable, with the RBI announcing additional OMO purchases of ~\$4.7 billion in April (over & above the ~\$9.3 billion announced for April at the start of the month). After a volatile start, April saw a turnaround in FPI sentiment, with net inflows exceeding ~\$1.2 billion for the month.

In YTD25, MSCI India Index US\$ returned ~ 1.5% vs. MSCI EM ~3.5% and MSCI DM ~(1.4)%. MSCI India’s forward PE is at ~ 20.3, with the 2FY now trading at ~1SD above its long-term averages. FPIs have sold US\$ (12.2)bn YTD 25 (vs ~\$(0.8) Bn in 2024) while DIIs continue to buy at ~US\$ 25.1bn in YTD’25. Monthly SIPs are at ~\$3.0 Bn, suggesting the continued preferred form of investment for India’s retail investors.

City-wise Snapshot: India’s Emerging GCC Powerhouses

City	Unique Strengths	Key Initiatives & Policies
Bengaluru	Largest GCC hub (880+ centres), AI and R&D powerhouse, availability of largest talent pool.	Karnataka GCC Policy, Global Innovation District, plan to add 500 GCCs by 2029
Hyderabad	Rapidly growing GCC hub (355+ centres), Specialized talent in Software & Internet, BFSI & Semiconductor	Telangana AI Mission (T-AIM) & AI City project.
Mumbai & Pune	Mumbai excels in BFSI GCCs; Pune leads in Automotive sector GCCs	Maharashtra IT/ITeS Policy
Delhi-NCR	High diversity in GCC industries, second largest GCC talent pool	Startup Policy for Delhi, EV, Electronics Manufacturing, and Solar Energy adoption Initiatives
Chennai	Software & Internet, BFSI and Automotive expertise	Special Scheme to promote Global Capability Centres (GCCs) in Tamil Nadu

Info Sources: Morgan Stanley Research, BofA Global Research, Avendus Spark Research, Elara Securities, IBEF. Data as of April 2025. MXASJ – MSCI Asia Ex-Japan, FPI – Foreign Portfolio Investor, DII – Domestic Institutional Investor, RBI – Reserve Bank of India, OMO – Open Market Operations, VRR - Voluntary Retention Route, FY – Financial Year, CY – Calendar Year; YoY is Year over Year, YTD – Year to date, EM – Emerging Markets, DM – Developed Markets.



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	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Economic Activity and Employment								
GDP, USD bn	2,701	2,871	2,668	3,176	3,390	3,568	3928	4105
GDP per capita, USD	2,036	2,141	1,969	2,321	2,451	2,554	2784	2885
Real GDP growth, %	6.5	4.0	-6.6	8.7	7.2	8.2	6.5	6.0
Prices, Interest Rates and Money								
CPI inflation, % y/y (average)	3.4	4.8	6.2	5.5	6.7	5.4	4.7	4.0
Repo rate, % (year-end)	6.25	4.4	4.0	4.0	6.50	6.50	6.25	5.25
10-year bond yield, % (year-end)	7.4	6.1	6.2	6.8	7.3	7.1	6.5	5.8
USDINR (year-end)	69.2	75.4	73.5	75.8	82.3	83.0	87.0	89.0
Fiscal Accounts								
General government budget balance, % GDP	-5.9	-7.8	-13.9	-9.5	-9.4	-8.5	-7.9	-7.4
Balance of Payments								
Trade balance, USD bn	-180	-158	-102	-189	-266	-243.2	-284.9	-312.2
Exports, USD bn	337	320	296	429	456	440.2	438.6	421.0
Imports, USD bn	518	478	398	619	720	683	723	733
Current account balance, USD bn	-57	-25	24	-39	-67	-25	-32	-31
Foreign direct investment (net), USD bn	30.7	43.0	44.0	38.6	35	18	5	10
Total FX reserves, USD bn	413	478	577	607	578	646	654	700
Total external debt, % GDP	20.1	19.5	21.4	19.1	18	18.1	18.3	17.0
Credit ratings								
Moody's	Baa2	Baa2	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3
S&P	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-
Fitch	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-

Source: CEIC, Haver, UBS estimates; Note: Data is for FY ending March; E - Estimates

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